

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Evaluate Existing
Practices and Policies for Processing Offset Rate
Increases and Balancing Accounts in the Water
Industry to Decide Whether New Processes are
Needed.

Rulemaking 01-12-009
(Filed December 11, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
DIRECTING SERVICE OF CALIFORNIA-AMERICAN WATER COMPANY'S
PETITION FOR MODIFICATION ON APPLICATION 02-04-022**

On September 5, 2003, California-American Water Company (CalAm) filed a Petition for Modification of Decision (D.) 03-06-072 seeking to clarify that the earnings test required for balancing account recovery is not applicable to CalAm's water revenue adjustment mechanism (WRAM) account for its Monterey Division.

CalAm explains that the Commission established the WRAM account in 1996 as part of CalAm's experimental rate design for residential customers in the Monterey Division. The Commission did so by adopting a settlement which included the WRAM account mechanism. (See D.96-12-005, 69 CPUC2d 398, 418-420.) The Commission originally approved the WRAM for a single rate case cycle, but subsequently renewed authorization in subsequent general rate cases. (See D.00-03-053, 2000 Cal.PUC LEXIS 229, *90, adopting a settlement, and D.03-02-030, 2003 Cal.PUC LEXIS 121 *54-58.)

In D.03-02-030, ORA objected to Cal-Am recovering the full amount of its WRAM account and argued, in part, that the rules developed in this rulemaking were applicable to the WRAM account. The Commission failed to authorize Cal-Am recovery of the WRAM account in the general rate case proceeding, but did not squarely address whether the WRAM account should be exempt from the rules developed in D.03-06-072. (D.03-06-072 had not yet issued.)

However, because the issue that is the subject of this petition was raised in Cal-Am's Monterey general rate case, we direct Cal-Am to serve its petition for modification on the service list of Application (A.) 02-04-022 (Cal-Am's last Monterey District general rate case) no later than five business days after the date of this ruling. Responses to the petition shall be filed no later than 30 days after Cal-Am serves its petition on A.02-04-022.

IT IS RULED that:

1. California-American Water Company (Cal-Am) shall serve its petition for modification, filed and served in this rulemaking on September 5, 2003, on the service list of Application (A.) 02-04-022. Cal-Am shall do so no later than five business days after the date of this ruling.

2. Responses to the petition for modification shall be filed and served no later than 30 days after Cal-Am serves its petition on the service list of A.02-04-022. Parties filing responses shall file them in this docket (Rulemaking (R.) 01-12-009) but shall serve both service lists.

3. A copy of this ruling shall be served on the service lists for R.01-12-009 and A.02-04-022. Once the 30-day response period has passed, all future action on this petition will be in the rulemaking docket (R.01-12-009).

Dated October 17, 2003, at San Francisco, California.

/s/ JANET A. ECONOME

Janet A. Econome
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Directing Service of California-American Water Company's Petition for Modification on Application 02-04-022 on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated October 17, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.